

**E2SSB 6409** - H AMD 1742

By Representative Chandler

NOT ADOPTED 4/12/2010

1 Strike everything after the enacting clause and insert the  
2 following:

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4 "NEW SECTION. **Sec. 1.** The legislature finds that institutions of  
5 higher education are key to the future employment opportunities of  
6 Washington citizens and to the economic well-being of the state. The  
7 legislature further finds that current student financial aid programs  
8 are underfunded and subject to the unpredictability of the state  
9 budget. It is the intent of the legislature to direct increases in  
10 lottery account moneys toward stabilizing and increasing existing  
11 resources for opportunity grants, get ready for math and science  
12 scholarships, passport to college scholarships, college bound  
13 scholarships, the state work study program, the state need grant,  
14 Washington scholars awards, and the Washington award for vocational  
15 excellence.

16  
17 NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.76  
18 RCW to read as follows:

19 The Washington opportunity pathways account is created in the  
20 state treasury. Expenditures from the account may be used only for  
21 programs in chapter 28B.12 RCW (state work-study), chapter 28B.50 RCW  
22 (opportunity grant), RCW 28B.76.660 (Washington scholars award), RCW  
23 28B.76.670 (Washington award for vocational excellence), chapter  
24 28B.92 RCW (state need grant program), chapter 28B.105 RCW (GET ready  
25 for math and science scholarship), chapter 28B.117 RCW (passport to  
26 college promise), and 28B.118 RCW (college bound scholarship).

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1       **Sec. 3.** RCW 67.70.340 and 2009 c 576 s 2 and 2009 c 479 s 45 are  
2 each reenacted and amended to read as follows:

3       (1) The legislature recognizes that creating a shared game lottery  
4 could result in less revenue being raised by the existing state  
5 lottery ticket sales. The legislature further recognizes that the  
6 fund most impacted by this potential event is the education  
7 construction account. Therefore, it is the intent of the legislature  
8 to use some of the proceeds from the shared game lottery to make up  
9 the difference that the potential state lottery revenue loss would  
10 have on the education construction account. The legislature further  
11 intends to use some of the proceeds from the shared game lottery to  
12 fund programs and services related to problem and pathological  
13 gambling.

14       (2) The education construction account is expected to receive one  
15 hundred two million dollars annually from state lottery games other  
16 than the shared game lottery. For fiscal year 2003 and thereafter, if  
17 the amount of lottery revenues earmarked for the education  
18 construction account is less than one hundred two million dollars, the  
19 commission, after making the transfer required under subsection (3) of  
20 this section, must transfer sufficient moneys from revenues derived  
21 from the shared game lottery into the education construction account  
22 to bring the total revenue up to one hundred two million dollars.

23       (3)(a) The commission shall transfer, from revenue derived from  
24 the shared game lottery, to the problem gambling account created in  
25 RCW 43.20A.892, an amount equal to the percentage specified in (b) of  
26 this subsection of net receipts. For purposes of this subsection,  
27 "net receipts" means the difference between (i) revenue received from  
28 the sale of lottery tickets or shares and revenue received from the  
29 sale of shared game lottery tickets or shares; and (ii) the sum of  
30 payments made to winners.

31       (b) In fiscal year 2006, the percentage to be transferred to the  
32 problem gambling account is one-tenth of one percent. In fiscal year  
33 2007 and subsequent fiscal years, the percentage to be transferred to  
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1 the problem gambling account is thirteen one-hundredths of one  
2 percent.

3 (4) The commission shall transfer the remaining net revenues, if  
4 any, derived from the shared game lottery "Powerball" authorized in  
5 RCW 67.70.044(1) after the transfers pursuant to this section into the  
6 state general fund for the student achievement program under RCW  
7 28A.505.220.

8 (5) The remaining net revenues, if any, in the shared game lottery  
9 account after the transfers pursuant to this section shall be  
10 deposited into the ((general fund)) Washington opportunity pathways  
11 account.

12  
13 NEW SECTION. Sec. 4. In consultation with independent experts  
14 and in collaboration with the higher education coordinating board, the  
15 state lottery commission shall upon the effective date of this act  
16 develop and begin implementation of a strategy and plan for actively  
17 marketing the state lottery as an essential contributor to higher  
18 education. The commission shall report to the appropriate committees  
19 of the legislature on the key messages, components, performance  
20 objectives, and anticipated revenue impacts of the strategy by  
21 December 1, 2010.

22  
23 NEW SECTION. Sec. 5. The joint legislative audit and review  
24 committee shall conduct a review of marketing and vendor expenditures  
25 and incentive payment programs at the state lottery commission to  
26 identify cost savings and efficiencies to maximize contributions to  
27 beneficiaries under this act. This review shall include examination  
28 of the following:

29 (1) The expenditures at the state lottery commission related to  
30 marketing and vendors compared with ticket sales. This review shall  
31 include an analysis of: Marketing expenses for fiscal years 2005 to  
32 2010 and the impact on ticket sales; the impact to sales of tickets  
33 from the change in lottery beneficiaries provided in this act from the  
34 education construction fund to the Washington opportunity pathways

1 account; and the competitive bidding process for vendors in  
2 Washington. In its final report on this subject, due to the  
3 legislature by November 2010, the joint legislative audit and review  
4 committee shall provide: A description of the competitive contracting  
5 processes for marketing services and vendors, and any marketing  
6 programs or expenditures funded through the lottery administrative  
7 account; an all-state survey of marketing and vendor contractors for  
8 other state lotteries; identification of whether there are duplicative  
9 or unproductive marketing activities; identification of whether  
10 savings may occur from changing vendors; and an analysis of marketing  
11 expenses and ticket sales for fiscal year 2000 through the months of  
12 fiscal year 2011 for which data are available.

13 (2) The incentive payment program for employees at the state  
14 lottery commission. This review shall include an analysis of the  
15 state's laws, policies, procedures, and practices as they relate to  
16 incentive payments. In its final report on this subject, due to the  
17 legislature by November 2010, the joint legislative audit and review  
18 committee shall provide: A description of how the incentive payment  
19 program at the state lottery commission operates, and comparison to  
20 best practices for outcome-based performance payments."

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22 Correct the title.

**EFFECT:** Strikes all provisions of the underlying bill and  
replaces them with the following:

- Expresses legislative intent to use increased lottery account revenue for stabilizing and increasing funding for higher education student financial aid.
- Creates the Washington Opportunity Pathways account. Funding from the account may only be used for the State Work Study, Opportunity Grant, Washington Scholars, Washington Award for Vocational Excellence, State Need Grant, GET Ready for Math and Science, Passport to College, and College Bound programs.
- Provides that all net lottery revenue not otherwise obligated for paying lottery administration, lottery prizes, debt service on Safeco Stadium, or Qwest Field and Exhibition Center,

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gambling education and the Education Construction Account is deposited into the Washington Opportunity Pathways account.

- Net revenues from shared lottery games that were previously directed to the state general fund are now directed to the Washington Opportunity Pathway Account.
- Requires the Lottery Commission, in consultation with independent experts and the Higher Education Coordinating Board, to implement strategies to actively market the state lottery as an essential contributor to Washington early education and higher education programs.
- Requires the Lottery Commission to report to the appropriate committees of the Legislature on key components, performance objectives, and anticipated revenue impacts of the marketing strategies by December 1, 2010.
- Requires the Joint Legislative Audit and Review Committee to complete a performance review of the Lottery Commission's marketing expenditures and incentive pay structure by November 2010.

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